

(1) for the production of oil, the average price of crude oil in the United States is greater than \$55 a barrel; and

(2) for the production of natural gas, the average price of natural gas in the United States is \$10 per 1,000 cubic feet of natural gas.

(b) In administering funds made available for royalty or offshore minerals management, the Secretary of the Interior may waive or specify alternative requirements if the Secretary of the Interior determines that royalty relief is necessary to avoid oil or natural gas supply disruptions as a consequence of hurricanes or other natural disasters.

Mr. WYDEN. Mr. President, the oil companies are supposed to pay royalties to the Federal Government when they extract oil from Federal lands. Now, in order to stimulate production of oil in our country, the Federal Government over the last decade has been discounting these royalty fees. These discounts now amount to billions of dollars. It appears that the royalty relief that is given to the oil companies is now the granddaddy of all of the subsidies.

We have been talking considerably on the floor of this body over the last few days about tax breaks for oil companies. The President, it seems to me, to his credit, over the last few days has indicated that he understands that these tax breaks are no longer needed. I was very pleased to see that because when the energy executives came to the committee, I literally went down the row and asked them if they continued to need all of these tax breaks. They don't, but Congress has continued to ladle them out. But on top of these record profits, record prices, and record tax breaks, there is now record amounts of royalty relief granted to the oil companies as well.

Now that the prices have shot up, I don't see how anybody can justify this multibillion-dollar subsidy. The point of this amendment is to say that we are going to get rid of these special oil company discounts, the special breaks that amount to billions of dollars, unless the price of oil comes down, or unless the Bush administration indicates that royalty relief is necessary to avoid supply disruption.

Mr. President, it is astounding that there is a tremendous chorus now of support, saying that royalty relief is needed. Yet nobody seems to be doing anything concrete to roll back these unnecessary subsidies.

For example, to show the bipartisan interest in this, not long ago, a distinguished member of the other body who chairs the resources committee, RICHARD POMBO, said in a newspaper interview that there is no need for this particular incentive. That is not the head of some consumer group; that is the distinguished chairman of the resources committee, Mr. POMBO, from California. He has said there is no need for this kind of royalty relief. Mr. Michael Coney, a lawyer for the Shell Oil Company, said the same thing. He basically said that in this kind of climate you cannot make a case for this par-

ticular kind of multibillion-dollar subsidy.

The architect of the program, our former colleague, Senator Bennett Johnston, has said that what has taken place with respect to the royalty relief program isn't anything close to what he had in mind when he developed this program.

So what you have is a Democratic Member of the Senate saying let's roll back these subsidies unless the Bush administration certifies they are needed to avoid disruption or unless the price goes down, and let's do it because there is a bipartisan consensus that this Royalty Relief Program is completely out of whack.

By the way, Mr. President, I know you have had great interest in the effort to target these subsidies. You and I have talked about it on a number of occasions. Consistently what we find is the way these multibillion-dollar subsidies find their way on to our tax rolls and Government programs is on a bipartisan basis somebody messes up. Somebody isn't watchdogging the way these dollars fly out the door, and that was certainly the case with the Clinton administration.

Previously, there had been a particular provision in the Royalty Relief Program that said when the oil prices shot up, when they went above a certain level—then it was considered about \$34 a barrel—the companies would have to, once again, start paying these royalties. But the Clinton administration just wasn't watching the store, wasn't watchdogging this program as they should have, and so they didn't put that particular clause—the clause that protects the taxpayers—into a number of these royalty relief agreements. What has happened is we just had a litigation derby with scores and scores of lawsuits.

Now the General Accountability Office estimates that at a minimum, the Federal Government is going to be out \$20 billion. This is the biggest subsidy of them all, and given all of the litigation that has taken place, this subsidy could go up and up.

Under the Energy bill signed into law last summer, the oil companies were given new subsidies in the form of reduced royalty fees for the oil and gas they extract from Federal land, including offshore drilling in the Gulf of Mexico. This particular new subsidy was signed into law when the companies were already reporting these extraordinary profits. We were already seeing the consumer taking a shellacking at the gas pump. It would have been the ideal time for the U.S. Congress to do what colleagues such as Congressman POMBO in the other body are talking about, lawyers for the Shell Oil companies tell the newspapers, what I and others and a bipartisan group who have been interested in this have said for a long time: It doesn't pass the smell test to be dispensing billions and billions of dollars of royalty relief to the oil companies on top of everything else

they already receive from the taxpayers' wallet. So what I hope we will be able to do here is roll back this new subsidy.

By the way, the program was useful back when prices were low. For example, it significantly helped in the Gulf of Mexico at a time when prices were low. That is not the case now. As our colleague in the other body, Mr. POMBO, notes, they sure don't need any incentives when the marketplace is providing all the incentives anybody could possibly ask for.

Government subsidies, sure, when the price is low, when we have to stimulate production, when our economy needs a shot in the arm. But billions of dollars of royalty relief for oil companies in this kind of time? I don't get it, and tomorrow I hope a majority of the Senate will share my view and will share the view of other colleagues who have taken a good look at this particular program.

It seems to me this is a time when the Congress ought to say: Let's look carefully at all of these various subsidies and breaks. As the distinguished Senator from Oklahoma has said, let's shine some light on it, let's take a sharp pencil out and really make some concrete judgments about what is in the taxpayers' interest.

At a time when consumers are already paying more at work, they are paying more at home, they are paying more when they drive everywhere in between, we ought to be giving them a break in their personal energy bills before we give breaks to the oil companies on the amounts they owe for drilling on our Nation's lands.

With oil selling for more than \$70 a barrel, \$15 a barrel higher than the price that the President said incentives were not needed, Congress should not be giving away more taxpayer money for more unnecessary subsidies that benefit profitable energy interests.

Let me highlight that particular point and explain why it is so pivotal in this discussion for royalty relief for oil companies.

The President of the United States said that he doesn't see the case for additional incentives and Government benefits to encourage production when oil is over \$55 a barrel. Now we are talking about oil at \$70 a barrel. We are talking about billions of dollars of new payments to the companies at a time when the General Accountability Office says the minimum tab will be \$20 billion. And all I am saying to the Senate tonight is I want to cut off those payments unless one of two things happens: If the price of oil comes down, you bet, let's go back and say we need some incentives for production. If the President of the United States, the Secretary of the Interior, the people who are in the administration who know a lot about the oil business say that we have to have these multibillion-dollar discounts in order to encourage production, my amendment doesn't apply.